

MEMO# 9995

June 8, 1998

Institute's Paper on Capacity Planning and Mutual Funds

[9995] June 8, 1998 TO: OPERATIONS MEMBERS No. 14-98 ACCOUNTING/TREASURERS COMMITTEE No. 23-98 BANK AND TRUST ADVISORY COMMITTEE No. 8-98 BROKER/DEALER ADVISORY COMMITTEE No. 9-98 TRANSFER AGENT ADVISORY COMMITTEE No. 27-98 SEC RULES COMMITTEE No. 55-98 SMALL FUNDS COMMITTEE No. 10-98 PRIMARY CONTACTS - MEMBER COMPLEX No. 48-98 RE: INSTITUTE'S PAPER ON CAPACITY PLANNING AND MUTUAL FUNDS _____ We

are pleased to provide you with the enclosed copy of the Investment Company Institute's paper entitled "Capacity Planning and Mutual Funds." Given the vital importance of capacity planning in the mutual fund industry, the Institute has prepared this paper to provide its members with practical information about capacity-planning processes and techniques and to offer examples of ways to effectively plan for and manage transaction and service volume spikes. The paper was developed from information gathered during visits to selected member firms and mutual fund service providers in 1997, from various presentations made at the Institute's April 1998 conference on capacity planning, and from input received from other interested parties. Drafts of the paper were then circulated to the firms visited by the Institute, the Accounting/Treasurers Committee, the Operations Committee, the SEC Rules Committee, and the Transfer Agent Advisory Committee. The Institute appreciates the assistance and interest of those who contributed to this paper. Please note that this paper is not intended to serve as a "best-practices" compendium, nor is it intended to be prescriptive in nature. Underlying all of the Institute's research into the topic of capacity planning was an awareness that there is no single capacity-planning model appropriate for all mutual fund complexes. How an individual fund complex plans for and manages peak volumes is influenced by the amount of assets it has under management, the number and types of funds it sponsors, its distribution methods, the characteristics of its shareholder and employee base, and the extent to which it relies upon third parties for operational capacity and information sources. If you would like to order additional copies of this paper, please call Michelle Worthy at 202/326-5872 (email: worthy@ici.org). Comments or questions about the paper's content should be directed to Linda Brenner at 202/326-5883 (email: brenner@ici.org) or to me at 202/326-5845 (boteler@ici.org). Donald J. Boteler Vice President Operations & Training Enclosure